

Testimony for  
"Property Under Construction or Partially Completed"  
Planning and Development Committee  
**Kasica v. Columbia**

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An assessor's primary function is to discover, list, and value land and their related improvements. A law change is desperately needed based upon the above-referenced court case to clarify the issue and resolve inequities that would develop between properties. We serve the communities by placing fair and reasonable assessments in an equitable manner as statutes and courts guide us.

Grand lists are created each year and updated for change in status, ownership, and discovered changes in composition. Placing assessments reflect the fact that a property status has changed, and property under construction is amended to reflect that status. A town should not ignore a change in status, change in value, or placing valuations each October on the then-current status of individual properties. Towns should not ignore any inequities that result from differences between applied and non-applied new construction valuations. Towns should not ignore the collection of taxes on properties that are under construction and whose value has changed.

What incentive would anyone have to complete a project if the Town does not recognize the change in asset valuation until such a time as the property is sold or C.O. is issued? Does a financial institute base its actions on changes in status (value measures)? Ask any developer wanting installments on construction financing if the bank gives out payments based upon completion. Isn't this a measure of the overall market value at the time of installment payment?

What happens to properties that receive C.O. on portions of the finished product as the product is being completed? Commercial developments that take "years" to fully develop would become a town's nightmare. In 2011, 130 towns would have had over a \$30.5 million tax receipts reduction if CIP valuations were not recognized for assessment purposes. Wouldn't this be a major budgetary impact that would have to be made up elsewhere? In a recession driven market, South Windsor would have had to increase their mill rate by over half a mill this year should CIP have to be removed.

The statutes need to be clarified if Kasica v. Columbia were to stand. It would violate fair and equitable taxation, for no longer would everyone be assessed based on fair market value. It also breaks a long standing historical practice resulting in a significant revenue loss felt by all 169 municipalities.

- As far as anyone has been able to research, Connecticut has always taxed property under construction or partially completed.
- Connecticut's property tax is ad valorem or according to value, and even something that is incomplete has value.
- CGS 12-63(a) states that, other than farm land, forest land, and open space, ALL property is based on the fair market value.
- The assessment of property that is partially completed or under construction is required to be assessed based on its FMV according to CGS 12-63(a), and CGS 12-55 requires the assessor equalize the assessments and add anything omitted (i.e. new partially completed construction).
- CGS 12-64 (Real Estate Liable for Taxation) supports assessing property which is under construction whereas it states: "all other buildings, structures, house lots, all other building lots and improvements thereon and thereto" are liable for taxation. The key work here is "improvements", which is a real estate term for anything added to the land and is defined in the dictionary of real estate appraisal as "buildings or any other relatively permanent structures or developments located on the land".
- CGS 12-53(a) (Assessment and Taxation of New Real Estate Construction) states in the first sentence that "completed new construction completed after" October 1<sup>st</sup> is liable for taxation. Key terminology here is "completed after" the assessment date which indicates that you may only add on the portion completed after October 1<sup>st</sup>. Why? Because the other portion has already been assessed pursuant to CGS 12-64 and CGS 12-63.
- Requesting an effective date of October 1, 2011 would release towns from reactions to the 2011 Grand List.